



Commonwealth of Kentucky Public Protection Cabinet

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Department of Financial Institutions Warns of Affinity Fraud *Lexington Man Pleads Guilty to Securities Fraud*

FRANKFORT, Ky. (Nov. 24, 2014) – Today, the Department of Financial Institutions (DFI) issued a warning regarding affinity fraud.

Affinity fraud is a technique used by fraudsters to obtain the trust of an individual or a group of people under the perception of sharing common interests, religious beliefs or background. Once the trust is obtained, he or she uses it to exploit members of the specific group in an investment scam. In larger scams, the perpetrator may even sell to the group leader – such as the pastor of a church – and promise “returns” that convince the group leader to help persuade others to participate.

On Friday, Ronnie Perry, of Lexington, pleaded guilty in Fayette Circuit Court to one count of attempting to sell unregistered securities and one count of securities fraud. Formal sentencing is set for Jan. 16. DFI investigated, and the Fayette County Commonwealth’s Attorney’s Office prosecuted the case.

Perry used his friendship with the victim in this case to develop trust that eventually led to fraud being committed.

“It’s a good idea to verify any investment opportunity, even if you hear of the offer from a trusted friend or family member. If they have unknowingly become a victim of a scam, they could be passing on bad information to you,” said DFI Securities Division Director Shonita Bossier. “Call DFI or go online to verify if the product is registered for sale in Kentucky and the person selling it has the proper license and registration.”

Before investing, call DFI at 800-223-2579 to verify if the investment opportunity is registered and if the seller is licensed. Securities license/registration also can be verified online using the Financial Industry Regulatory Authority’s BrokerCheck tool at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>.

DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI’s mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

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